

Keynote address by the Honorable Diane K. Morales

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Senior NATO Logisticians' Conference

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Good afternoon, and let me begin by thanking you, Vice Admiral Fages, and you, Mr. Esparza, for your kind invitation to join you here today.

It is a pleasure to return to Brussels in this forum, and I am most grateful for the honor of delivering this conference's keynote address. I have fond memories of my past participation in the SNLC. In my earlier post with the U.S. Department of Defense, I came to the SNLC at a time of transition for the Alliance: at the moment when the long and painful division of Europe was finally coming to an end.

The transition to a post-Cold War environment produced a new array of challenges for the Alliance. Our work together over the past decade has helped streamline our logistics structure. Those efforts have produced more mobile, flexible, resilient fighting forces that now defend our freedoms.

Today, I would like to reaffirm an enduring commitment: The United States is dedicated to working with you to harmonize our efforts, continue our logistics cooperation, and enhance coalition operations.

As we look ahead toward the Prague Summit in November, and to the changes that it will bring, we can also look back with pride to what the Alliance steadily achieved over the past decade. Our defense planners and our uniformed services certainly deserve our congratulations for their courage and foresight to implement the NATO program for change.

During the past decade, as we drew back from the dividing lines of the Cold War, our security environment underwent continuous, dramatic changes. And the Alliance was called upon, almost continuously to adapt to a changing world and that changing security environment.

Five years ago, NATO took an extraordinary step, signaling both its enduring Euro-Atlantic ideals and its new military responsibilities. By launching an intense, and successful, military mission in the Balkans,

the Alliance demonstrated that it will act forcefully to defend human rights within Europe.

We now face another, quite different moment in the history of our Alliance. In self-defense, we must now look beyond the familiar borders of Europe and the North Atlantic. And we confront a range of challenges that are more complex than we faced during the Cold War.

Today's threat environment is dominated by totalitarian states and transnational terrorists. Our defenses include political, economic, and military capabilities focused on the Global War Against Terrorism. In that conflict, many of our nations are making a vital contribution to the cause of liberty.

NATO commitment in the Afghan theater and within your nations' home territory, is making a crucial difference. In recent months, NATO's invocation of Article 5 has been an important and substantive step. The decision to make this war an Article 5 conflict gave practical meaning to our concept of Collective Security. We've always known, as

an Alliance, that “we are all in this together,” but invoking Article 5 dramatically affirms that fact.

The decision to invoke Article 5 underscores another fact that is crucial to our Alliance. NATO has been a political as well as military enterprise. “Political,” in the sense that we are committed to defending our shared European and Atlantic interests. The foundation of our common heritage is respect for individual liberty and international law.

Whether your nation was a founding member of the Alliance....or whether it was just recently admitted, or now seeks admission....or whether it is a participant in the Partnership For Peace program....all of us here share a commitment to the Euro-Atlantic philosophy of liberty under law. Terrorism poses an imminent threat to that ideal.

The War Against Terrorism is a new kind of conflict – and it is not the kind of war that our Alliance forces spent half a century preparing for.

For 50 years, in the center of Europe, strategists and logisticians had their emergency plans drawn up. They had their weapons in

place...their troops deployed...their munitions ready. Yet, thankfully, we avoided a full-scale war in the heart of Europe and, today, we openly welcome former foes as new members of our alliance.

Few of us, at that time, could have anticipated the type of conflict we face now. This War Against Terrorism demands that we re-energize our planning.

In the United States, our armed services focused their transformation on a “Joint Vision for the year 2020.” The events of September 11 demonstrate that, in planning and logistical terms, 2020 is here now! Therefore, we are accelerating the transformation of our military forces to enhance capabilities in the near future.

TRANSITION

As we anticipate the needs of tomorrow, each of our nations play a key role. The Prague Summit will underscore the reality of both transformation and expansion. In that context, each Alliance member can make an enhanced contribution—based on its own specialized capabilities—to our new political and military efforts.

For logisticians, the current deployment in the Afghan theater puts our role front and center. In this war...and in future engagements...logistics now has an even more critical role to play.

Today, the logisticians of the Alliance member nations are doing a magnificent job. Within 30 days of the terrorist attack on the World Trade Center, coalition forces were actively engaged in Operation Enduring Freedom. This phenomenal response was enabled by logistics and the work that the SNLC has done on standardization, interoperability, and multinational logistics processes. We enabled alliance action by collectively developing fuel standards, armaments interoperability, information standards, and business rules that facilitate cross-nation service agreements. The foresight of this group provided our national leaders with credible options for action.

But, a large part of my job is to look beyond today. I have to focus on how we can provide even better support tomorrow to be prepared in the event of another war.

At the 1999 NATO summit in Washington, the Alliance recognized the urgency of transformation. By adopting the Defense Capabilities Initiative, the Alliance acted wisely to make logistics a high priority: Of the DCI's 58 measures, 19 focus on movement, transport, and logistics.

The Multinational Joint Logistics Center was one of the great logistics milestones of the DCI. As we look forward to Prague and beyond, I trust that the valuable work of the Movements and Transportation Group...the M&TG...will receive close consideration by the North Atlantic Council. The M&TG's focus on strategic lift is especially critical to achieving our Alliance goals.

We must be ready to deploy our forces wherever they are needed...delivering the right resources in the right quantities to the right place at the right time.

Today, I'd like to share with you my views on efforts within the U.S. Department of Defense to implement a Future Logistics Enterprise. These efforts are designed to support the strategy of the Alliance and

partner nations. They aim to strengthen our combined coalition logistics across the Alliance.

[NEXT SLIDE]

[Present FLE briefing]

Slide 2: Agenda

I would like to briefly summarize ongoing NATO logistics initiatives. I will then highlight US efforts to support NATO logistics initiatives through our Future Logistics Enterprise, and conclude with some strategic questions that we, as allies and logisticians, must address to maintain our operational advantage.

[NEXT SLIDE]

Slide 3: NATO Logistics Initiatives

When I returned to the Pentagon, I was heartened to find that this body was actively leading the logistics changes necessary to support operations in the new NATO environment, which encompasses the insidious threats of terrorism, fueled by totalitarian regimes. Your recent efforts to achieve logistics information interoperability through the NATO logistic information systems architecture are commendable,

as are your efforts to plan for and execute deployment and sustainment in response to the Defense Capability Initiative.

You welcomed new NATO members, recognizing that each ally brings special capabilities and can offer unique support during peace and crisis.

Working with the Conference of National Armaments Directors, NATO's efforts to define an integrated life cycle will enable us as logisticians to feed back to the armament developers our requirements to sustain our systems effectively.

The US strongly supports these NATO initiatives, and we have tailored our logistics modernization efforts to fully support NATO while addressing our own national challenges.

[NEXT SLIDE]

Slide 4: Future Logistics Enterprise

The current US logistics system, although effective during the 20th Century, does not support our new requirements of increased allied and

coalition operations, rapidly deployable forces, and dramatic reduction in footprint (50%). Furthermore, our information systems do not provide the situational awareness and actionable logistics knowledge required to operate effectively in a dynamic environment. Our Armed Services and Agencies are sponsoring over 500 logistics initiatives to address those problems; however, they are constrained by existing rules and regulations.

To address these challenges, I have assembled the senior logisticians from the Services, Joint Staff, Defense Logistics Agency, and Transportation Command into the Joint Logistics Board to focus our energy on specific areas directed towards improving our information management, combat support, and weapon system support. Within those focus areas, we are pursuing discrete initiatives with near-term actions and milestones.

[NEXT SLIDE]

Slide 5: FLE – Enabling Alliance Logistics

Our FLE initiatives directly support NATO initiatives, because it is crucial that we remain harmonized and synchronized with NATO.

We're moving forward rapidly to modernize our logistics information systems based on commercial, international standards to ensure interoperability with the NATO logistic information systems architecture. NATO efforts on deployability and sustainability spurred us to re-examine the multiple hand-offs in our distribution system. Similarly, NATO's recognition of unique roles and responsibilities is paralleled by our executive agent analyses. And finally, we support NATO's focus on life cycle integration through our total life cycle systems management efforts.

Let me walk quickly through each FLE initiative.

[NEXT SLIDE]

Slide 6: Enterprise Integration

Within DoD, we currently have over 600 logistics information systems that involve over 400 million lines of code. Many of the systems are batch processed, with little or no network capability. Thus, they cannot provide the real-time situational awareness envisioned in the US JV

2020 or the Defense Capability Initiative SL14, logistic information systems architecture.

To address this area, we are moving as rapidly as possible to implement commercial logistics business systems, built to international standards, that will cut through functional stovepipes to deliver business solutions. These systems will allow us to manage our logistics enterprise based on business roles and responsibilities instead of positions and systems....all while moving toward the NATO architecture vision. We are implementing several Enterprise Resource Planning systems: In the Army, Navy, and the Defense Logistics Agency. These are the same systems which are being implemented by several NATO nations. I look forward to sharing lessons learned and results with all of you.

Further, since many of us are using or evaluating the same commercial vendors, I suggest we consider working cooperatively to implement future functional changes, so we maximize our market leverage.

[NEXT SLIDE]

Slide 7: Managing for Success

Modernization of US logistics systems to enhance allied interoperability is crucial to meeting our current operational requirements. To ensure implementation success, we established three teams with senior representatives from each of the Services and Agencies. The program implementation group is assessing lessons learned and revising our acquisition and test processes to ensure we capitalize on the rapidly changing commercial software market. The change management group is guiding our adoption of new processes that are embedded in the commercial software (as opposed to changing the software to support our old processes). The best business practice group is defining our near-term, enterprise architecture that reflects the inherent functionality of the commercial systems, the policy changes from the other FLE initiatives, and the NATO interoperability requirements. These groups are analogous to the SNLC efforts to define an enabling regulatory framework through the ad hoc working group on logistic information systems. We look forward to continuing to share lessons-learned as you assess the proposed NATO regulatory framework.

We also established a commercial industry team with members from leading companies that have achieved enterprise integration. That team is providing lessons learned and helpful implementation experiences.

[NEXT SLIDE]

Slide 8: End-to-End Distribution

Today multiple supply chains support varying customer requirements. In NATO, we often have multiple supply chains supporting the same weapon system from different member nations. This increases the footprint within an operational theater and exacerbates our lift challenges. In the future, we must synchronize our logistics chains and harmonize our capabilities across the alliance to minimize warfighter workload related to distribution and to optimize our strategic lift assets.

As our operating forces interact at increasingly lower levels ? the battalion, the ship, or the squadron ? we simply cannot continue to deploy redundant support capabilities to sustain common platforms. For example, numerous NATO nations operate and deploy C-130 aircraft, each with its own cache of spare parts, technical manuals, and test equipment. This burdens our operational commanders and

complicates our deployment and distribution planning. We should be able to optimize our sustainment and distribution support, as an alliance, while recognizing appropriate national responsibilities.

The same principle holds true for combat support services, including in-theater distribution, installations support, and common consumables. Sometimes I think these issues are easier to solve with you, our allies, than within the US. I note that in the current operation, the United Kingdom is providing aerial refueling to US Navy fighter aircraft because US Air Force tankers are incompatible with US Navy fighters.

Today, the US is developing enhanced business rules and procedures to streamline the process and minimize hand-offs whenever possible, and we are working with NATO to evolve realistic, shared standards. Our intent is to orchestrate seamless, time-definite delivery of materiel to coalition forces, capitalize on the capabilities of all allies, and reduce the burden on our warfighters.

[\[NEXT SLIDE\]](#)

Slide 9: Executive Agents

Within the US, we must establish end-to-end accountability for key combat supplies and services, such as food, fuel, water, and in-theater distribution.

This end-to-end accountability will be accomplished by designated service providers that support deployed forces based on operational requirements. In this area, we hope to capitalize on the unique capabilities of the member and partner nations to shorten supply lines for vital combat supplies and to achieve interoperability of those supplies, such as ammunition. In fact, the recent contribution of NATO member nations related to fuel and food during Operation Enduring Freedom highlight the benefits of interoperability and standardization.

Our intent is to stop the “pick up” game that goes on now in sorting out combat services during a contingency and establish a framework for consistent, reliable service and planning (both deliberate and crisis). Working together, we can streamline our coordination of coalition support and more effectively draw upon the expertise from across NATO.

[NEXT SLIDE]

Slide 10: Total Life Cycle Systems Management

When I rejoined the DoD in August of last year, I was pleased to find that NATO had initiated a major effort on Life Cycle Integration and that the SNLC was supporting that effort. The US supports the NATO effort through our Total Life Cycle Systems Management initiative.

Today the DoD spends about \$62B on weapon systems sustainment through a structure that breaks up integrated logistics support plans (ILS), designed during the acquisition process, into functional stovepipes with no one in charge or accountable for a particular system. Furthermore, the “hard break” between acquisition and sustainment results in the Program Managers concentrating on cost, schedule and performance at the expense of reliability, maintainability, and footprint. We are fixing this by migrating to a life cycle weapon system management, based on operator-driven performance agreements.

The systems managers will negotiate performance measures with customers, be responsible for customer and supplier relationships, and

manage the sustainment dollars for the customers. We will continue to coordinate and harmonize our efforts with the SNLC and the CNAD.

[NEXT SLIDE]

Slide 11: Depot Maintenance Partnerships

Unlike commercial supply chains, maintenance is the largest component of our life cycle sustainment. The recent efforts of NAMSA (NATO Maintenance and Supply Agency) to adopt commercial practices highlights the unique role of maintenance in the defense equipment life cycle. Like many of you, we are emphasizing increased depot maintenance partnerships with our industry providers. Our efforts are directed towards ensuring that we maintain viable, output-focused depot capability to support US and Allied forces. We are completing regulatory and statutory changes so that DoD depot resources may work more closely with industry to provide modified, upgraded or refurbished weapon systems. These partnerships enable use of shared facilities and equipment, work forces, and supply management functions.

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Slide 12: Condition-Based Maintenance +

Condition-based maintenance + is our initiative to reduce footprint by improving maintenance requirements forecasting through diagnostics and prognostics. An integrated information system with real time data and condition-based maintenance rules and business practices will contribute to effective management of maintenance and logistics resources. This system will evolve based upon international, commercial standards to ensure interoperability with NATO's Logistic Information Systems Architecture.

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Slide 13: Status – We are “well down the road”

As I mentioned earlier, the US is progressing as rapidly as we can to support NATO's logistics challenges through our Future Logistics Enterprise. The senior logisticians within DoD, including Admiral Holder, have approved near-term implementation actions for the FLE initiatives. We have developed an initial architecture and have six enterprise integration applications being installed. The FLE enjoys strong support from our senior leadership. and yes, we recognize the risks associated with such a large enterprise.

[NEXT SLIDE]

Slide 14: Agenda

Our over-arching mission is to serve our warfighters with the best that we have...and to put in place better end-to-end logistics if we are called upon to fight some future war.

I would like to leave you with a clear view of the challenges we face and a few strategic questions. We should all depart from the SNLC with a more definite understanding of where we need to do better.

- We need a stronger effort to ensure we have the strategic lift capability that we will need in the wars of the future. How can we better balance strategic lift requirements and capabilities?**
- We need to ensure that complete interoperability is a day-in, day-out reality, and not just a long-term aspiration. How can we accelerate implementation of the NATO Logistic Information Systems Architecture and the adoption of the emerging regulatory framework?**

- **What business rules must change to better capitalize on the unique capabilities of NATO members and partners to improve combat support services and streamline end-to-end distribution?**
- **How can we work together to give our Commanders In Chief complete confidence in our force projection—wherever and whenever it may be called upon.**

Moreover, there's another requirement of Alliance priorities, as well. We must also address this question: How will we harmonize? Moving forward swiftly, while maintaining an understanding of our allies' and our partners' specific national concerns, will be especially important. It is more important than ever, in fact, as we all adapt to international standards and an increasingly global supplier base.

TRANSITION

We have not chosen the easy issues. But what I'm most proud of is this: By pledging to make our goal true harmonization, our logistics

community has committed itself to working together to resolve the difficulties we face.

We can be confident that we will win today's War Against Terrorism. And we'll be ready to face any war that may erupt some time in the future. Our victory will be thanks, in no small measure, to our logistics excellence.

CONCLUSION

For more than 50 years, our Alliance has been confounding skeptics. Now, we are called upon to hold the line beyond Europe: to protect our democratic ideals against terrorists who might strike at us, at any time, from anywhere on earth.

It's a daunting challenge. Yet NATO must and is able to meet that challenge.

No Alliance in world history has ever had such a technological edge...such vast resources...such global good will, moral support,...and military resolve.

As logisticians, we owe it to our warfighters on the front lines to ensure that they get the materiel they need. And we owe it to the people of every NATO nation, and every partner, to ensure that our fighting forces are equipped to carry out their mission. So, let us do our utmost to supply our soldiers in the field. Let us rededicate ourselves to giving them everything they need to win.

Thank you for the vital support you are giving our men and women in combat, and thank you for inviting me to join you today.